

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Tony Hammond, Vice Chairman;
Mark Acton;
Ruth Y. Goldway; and
Nanci E. Langley

Annual Compliance Review, 2014

Docket No. ACR2014

NOTICE OF POSTAL SERVICE RESPONSES TO ANNUAL
COMPLIANCE DETERMINATION DIRECTIVE AND TO
CHAIRMAN'S INFORMATION REQUEST NO. 18

(Issued August 21, 2015)

In its Annual Compliance Determination (ACD) for Fiscal Year (FY) 2014, the Commission found that the negotiated service agreement (NSA) between the Postal Service and Royal PostNL did not comply with 39 U.S.C. § 3622(c)(10)(A)(i) and (ii) based upon an analysis of Library Reference USPS-FY2014-NP35.¹ The Commission directed the Postal Service to report on the factors that caused this outcome and on whether the successor NSA with Royal PostNL would improve the Postal Service's net financial position during FY 2015.²

¹ Annual Compliance Determination, March 27, 2015, at 57 (FY 2014 ACD).

² *Id.* The Royal PostNL successor NSA was approved by the Commission on December 17, 2014. See Docket No. R2015-3, Order No. 2293, Order Approving an Additional Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement (with Royal PostNL BV), December 17, 2014.

On June 25, 2015, the Postal Service responded to the Commission's directive.³ On July 15, 2015, an information request was issued seeking clarification of the basis for the Postal Service's ACD Response.⁴ The Postal Service responded to CHIR No. 18 on July 29, 2015.⁵ To correct errors it discovered while preparing its Response to CHIR No. 18, the Postal Service also submitted an errata to previously-filed Library Reference USPS-FY14-NP35.⁶

Based upon its corrected information, the Postal Service states that "the cost coverage of the negotiated rates [for the Royal PostNL NSA reviewed by the Commission in the FY 2014 ACD] actually exceeded the cost coverage of the UPU rates in FY 2014." ACD Response (response to question 2). The Postal Service also "anticipates that the successor NSA will improve the Postal Service's net financial position during FY 2015." *Id.*

The Commission hereby accepts the Postal Service's filings described above as responsive to the Commission's direction in the FY 2014 ACD. The Commission will consider the data and information submitted by the Postal Service in the Commission's FY 2015 ACD.

By the Commission.

Shoshana M. Grove
Secretary

³ Responses of the United States Postal Service to Commission Requests for Additional Information in the FY 2014 Annual Compliance Determination, June 25, 2015 (ACD Response). Accompanying the Postal Service's ACD Response was a non-public annex identified as Library Reference USPS-FY14-NP42, Nonpublic Material Relating to Ninety-Day Responses to the ACD. See Notice of the United States Postal Service of Filing of USPS-FY14-NP42, June 25, 2015.

⁴ Chairman's Information Request No. 18, July 15, 2015 (CHIR No. 18).

⁵ Responses of the United States Postal Service to Chairman's Information Request No. 18, July 29, 2015 (Response to CHIR No. 18).

⁶ See *id.*, Notice of the United States Postal Service of Revisions to USPS-FY14-NP35—Errata, response to question 1, July 29, 2015.